

EDITORIAL

The war has uncovered to the Yemeni population the importance of having small businesses to adapt to the current war environment in view of the continuity of the financial and economic difficulties of the people. The majority of population in the cities specifically depends mainly on monthly salaries provided mainly by the public and private sectors that face a severe shortage of liquidity and inability to provide salaries.

Given the SFD's support to the microfinance sector in Yemen, it found out several success stories for micro-enterprises that have been able to adapt and continue to operate at even lower levels under conflict conditions. Yet, they proved they have been more able to demonstrate that they are the most sustainable, the fastest growing and most efficient supporter of the population. They have provided employment to the affected population in light of absence of key players who can facilitate access to recovery of livelihoods, services and productivity.

The SFD's experiences of support to microfinance in the chronic conflict areas such as "Abyan governorate" have proven success to have relatively alleviated tension in such areas as a result of availability of employment in micro-enterprises for youths and heads of down-trodden households. In view of all local and national challenges, it seems that the reconstruction and early recovery efforts will take longer time than expected. And here appears the strongest link which the SFD seeks to create and build on it; the small businesses that can produce rapid impact.

In this context, SFD needs to increase its funds in order to support the microfinance sector and accelerate access to early recovery and reconstruction services to those in dire need to increase the population's self-reliance on improving their living conditions, including education, health care and food security.

The economy supported by investment-driven financial inputs based on microfinance is still very weak and requires support by the donors in order to minimize the impact of the ongoing conflict.

FIRST PHASE OF SFD CHOLERA RESPONSE LAUNCHED

The SFD launched the first phase of the Cholera Emergency Response Project to respond to the cholera epidemic after aggravating outbreak of the second wave of the epidemic since last April that has threatened the health and life of the Yemenis. The project aims to contribute actively with partners in reducing the incidence of cholera and acute watery diarrhea and minimizing the mortality rate by mainstreaming the under implementation projects.

The response includes raising community awareness about the causes of the epidemic, its modes of transmission, ways of protection and of purifying water sources, and removing waste. The activities target the SFD institutional environment through forming a small technical group responsible for preparing the plans and follow up implementation, as well as training and awareness of 276 employees through workshops for all branches. Other activities target the local communities as well as coordination activities with relevant local and international partners.



THREE EDUCATION IMPROVEMENT PROGRAMS LAUNCHED

The SFD Education Sector launched a series of educational programs in a number of governorates in April 2017. The package includes three programs: training of educators of the first-grades, active learning and psychosocial support.

The package programs will train the teachers, school principals and social workers, both male and females, to improve their skills using modern methods and strategies centered around the learner and ways to make the school environment attractive to children and they help them reduce the feeling of tension and fear and the negative impact of the traumatic incidents. The school-based training aims to activate the efforts of schooling and community circles to achieve the expected objective.

SECTOR ACTIVITIES

EDUCATION

During the second quarter 2017, 40 projects were approved at an estimated cost exceeding \$5 million, and expected to result in some 543,700 workdays. The cumulative total number of projects in the sector (1997 – 30 June 2017) exceeded 5 thousand at an estimated cost of more than \$672 million, of which about 2.73 million people (46% female) are expected to benefit directly, with nearly 22.9 million workdays expected to be created. Of these projects, 4,926 projects were completed at a contractual cost of more than \$620.8 million.

The quarter's projects focused on providing temporary income opportunities in cash-for-work-based social services (in several

governorates), building and furnishing community classes and community education centers as well as refurbishing and furnishing community classes and literacy classes in Al-Hudaidah Governorate (Gov.). Also, training on education psychological support was provided to social counsellors and education administrators (in Sa'adah, Taiz, Hadhramaut and Shabwah Govs.) as well as training teachers on proactive education (in the latter three gov.). Moreover, the projects equipped 200 schools in 7 governorates with bags for recreational activities carried out in the schools.



Training psychiatric workers in psychological support at in Majz District - Sa'ada



Training psychiatric workers in psychological support at in Mashr'a district - Taiz

Education Indicators

| Results Indicators | Achieved (2011– June 2017) | |
|--|----------------------------|----------------|
| # of classrooms | Constructed | 6,913 |
| | Rehabilitated | 2,927 |
| | Total | 9,840 |
| # of pupils benefiting from space created by newly constructed gender disaggregated classrooms | Boys | 150,224 |
| | Girls | 129,142 |
| | Total | 278,766 |
| # of Children with special needs integrated in Ordinary schools | Boys | 3,597 |
| | Girls | 3,943 |
| | Total | 7,540 |
| # of formal education teachers trained | Males | 236 |
| | Females | 283 |
| | Total | 519 |
| # of educational professionals trained | Males | 37 |
| | Females | 3,164 |
| | Total | 3,201 |
| # of educational professionals trained | Males | 1,243 |
| | Females | 631 |
| | Total | 1,874 |
| # of non-formal education teachers qualified | | 780 |

HEALTH

Cholera and Acute Severe Respiratory Response Program

- The SFD has set up a team to implement activities responding to the cholera and severe watery diarrhea outbreaks. The team carried out several awareness activities targeting the SFD staff on the ways of cholera epidemic outbreak and the ways to prevent it. And the team presented the most effective ways to treat it. The activities were carried out through implementing 12 training workshops in the SFD headquarters and branch offices targeting (256) employees.
- The program team conducted an awareness workshop on cholera for students of the Higher Institute of Health Sciences targeting 20 female community midwives from Najra and Bani Qais (Hajjah Governorate), a group of laboratory and nursing students and a group of the administrative staff.

Reproductive Health Services Program

The program aims to strengthen maternal health services during the reproductive and neonatal health phases. During the reporting period, two training courses were conducted on the Community Health Care Program targeting 40 community midwives in Sana'a City's hospitals (48 Hospital, Al-Rawda Hospital, Sheikh Zayed Hospital, Al-Olofi Medical Center, Al-Zahrawi Medical Center). Each course lasted for 18 days.

Another training course focused on the community-based maternal and neonatal care targeting 40 community midwives in the districts of Al-Jibin-Al-Takariar-Al-Flyab in Raima governorate.

Health Care Enhancement Program

The program aims at improving and strengthening basic health services, providing qualified medical personnel and facilitating community access to these services. During the reporting period, a training course was focused on the integrated child health care targeting 24 medical assistant staff and lasted for 16 training days in Al-Jafariya district of Raima.

Health Indicators

| Results Indicators | | Achieved (2011- June 2017) |
|--|---------|-------------------------------|
| # of health facilities constructed or renovated and equipped | | 113 |
| # of health facilities furnished and equipped | | 85 |
| # Community midwives trained | | 2,078 |
| # of Community midwives qualified | | 280 |
| # of primary healthcare personnel trained | Males | 1,504 |
| | Females | 943 |
| # primary healthcare personnel qualified | Males | 271 |
| | Females | 294 |



A training course on the integrated child health care in Shabwah Governorate



SPECIAL NEEDS GROUPS

Early childhood development

During the reporting period, two projects were developed aiming to support the special need groups. The first project tends to develop and improve early intervention and physiotherapy services for the Jisr Al-Akhwa Center for which provides rehabilitation services for the disabled in Hajjah governorate. The project activities focus on providing the center with the necessary furniture and equipment, as well as training 11 staff members on the basic physiotherapy skills in early intervention

and the related Portage Program. This support will enable the center to provide access to quality services to children with disabilities. The center provides services to 83 children with physical disabilities and 78 children with multiple disabilities.

The second project aims at establishing the Autism Section of the Al-Tahaddi Rehabilitation and Physiotherapy Center and supporting the kindergarten in Amran City (Amran governorate). The project activities

focus on strengthening the capacity of the Center in order to provide its early childhood services through furnishing and equipping the Autism section with appropriate learning facilities and training of workers on

programs supporting kindergartens and early childhood. The project targets 84 children with disabilities and 10 female teachers.

SPECIAL NEEDS GROUPS Indicators

| Results Indicators | Achieved (2011– June 2017) | |
|--|----------------------------|-------|
| # of Children with special needs children integrated in ordinary schools | Boys | 3,597 |
| | Girls | 3,943 |
| Total | 7,540 | |

WATER AND SANITATION

The activities of the second quarter 2017 include the following:

Water Sector

53 projects, funded from the World Bank Grant for Emergency Response through UNDP, have been approved during the second quarter of 2017. The projects include 50 rooftop rainwater harvesting projects and 3 projects for rehabilitating existing water systems. The main goal of these projects is to achieve the grant's indicators, which include creating temporary job opportunities for war-affected families as well as providing access to improved water sources. It's worth to mention that the capacity of a rooftop rainwater harvesting cistern (RRH) under this grant ranges between 10 – 15 m³ calculated to fit the amount allocated for each family which is \$850 (\$500 for wages and \$350 for materials) in order to insure the family can fill the food gap at least during the project period and doesn't fall in debt.

The number of completed projects during this quarter is 17 projects, bringing the total cumulative number of completed water projects for domestic use (1997 – end of second quarter of 2017) to 2,088 projects costing nearly \$184.83 million (SFD's contribution only) serving about 3.54 million persons (approximately half of them are women) and creating 8.8 million workdays.

The following section shows the achievement in each subsector:

1- Rooftop Rainwater Harvesting: During this quarter, 8 projects were completed containing 832 RRH cisterns with total storage capacity of 31,615 m³.

2- Groundwater: 5 projects were completed during this quarter including one water tank, water networks with total length 45,826 meters and 14 communal taps. Rehabilitating Arrawa well field project in Abyan is peculiar among the completed projects, it supplies 63,697 persons living in Ja'ar, Alhesn and Zonjobar with drinking water. The rehabilitation of this well field included supply and installation of 14 submersible pumps, rehabilitating the control building, supplying 1 megawatt generator set, 14 reducing voltage transformers 50 KVA, one increasing voltage transformer 1,000 KVA, cleaning the 2 steel water tanks (5,000 m³ each) and painting them with special paint suitable for drinking water tanks, rehabilitating and equipping the chlorination room and building a new guardroom. The second distinctive completed project is Thi Masnomah water project where solar energy was utilized to pump water from a shallow well to a collection and distribution water tank then water flows by gravity to 637 consumers.

3- Surface water: One project was completed during this quarter to provide Almaleh village in Jabal Ma'wad/Ibb with improved water source. Spring water is collected in 740 m³ tank, then it flows by gravity through 1,180 m pipelines to the village where 972 persons reside. Water is fetched from 2 communal taps within a fetching time not exceeding 30 minutes roundtrip including queue time.

4- Labor Intensive -Water: 3 rooftop rainwater harvesting projects were completed during this quarter included 240 RRH cisterns with total capacity 4,006 cubic meters creating 21,365 workdays.

5- Communication with partners: The water & environment unit (WEU) continues participating in the WASH cluster meetings to keep updates on the humanitarian activities and their locations in order to avoid duplication of interventions and look for opportunities of integration. These meetings keep SFD aware of the surveys conducted by different humanitarian organizations, which could be a source for future targeting. The WEU provides the coordinator of the WASH cluster with monthly reports about SFD's activities and achievements in WASH sectors.

Water Indicators

| Results Indicators | Achieved (2011– June 2017) |
|--|----------------------------|
| *Water access: Number of people provided with access to improved water sources | 1,082,796 |
| Storage capacity for improved water (m ³) | 3,565,316 |
| Storage capacity for unimproved water (m ³) | 1,927,432 |

Sanitation Sector

During this quarter, 4 projects were completed. This brings the total cumulative number of completed projects (1997 – end of second quarter of 2017) to 400 projects costing nearly \$33.5 million, serving about 3.44 million persons and creating 1.3 million workdays.

The following sections show the achievement in each subsector:

1- Wastewater Management: One project was completed to solve the wastewater stagnation in Addagig neighborhood/Mae'in/Sana'a secretariat. The project contained sewer lines of total length 7,559 meters, 200 inspection chambers and 280 house connections.

2- Training and Awareness: Three projects were completed where 84 hygiene campaigns were conducted aiming to change behavior in latrine use, handwashing and water purification. Community-led total sanitation approach was used in conducting those hygiene campaigns.

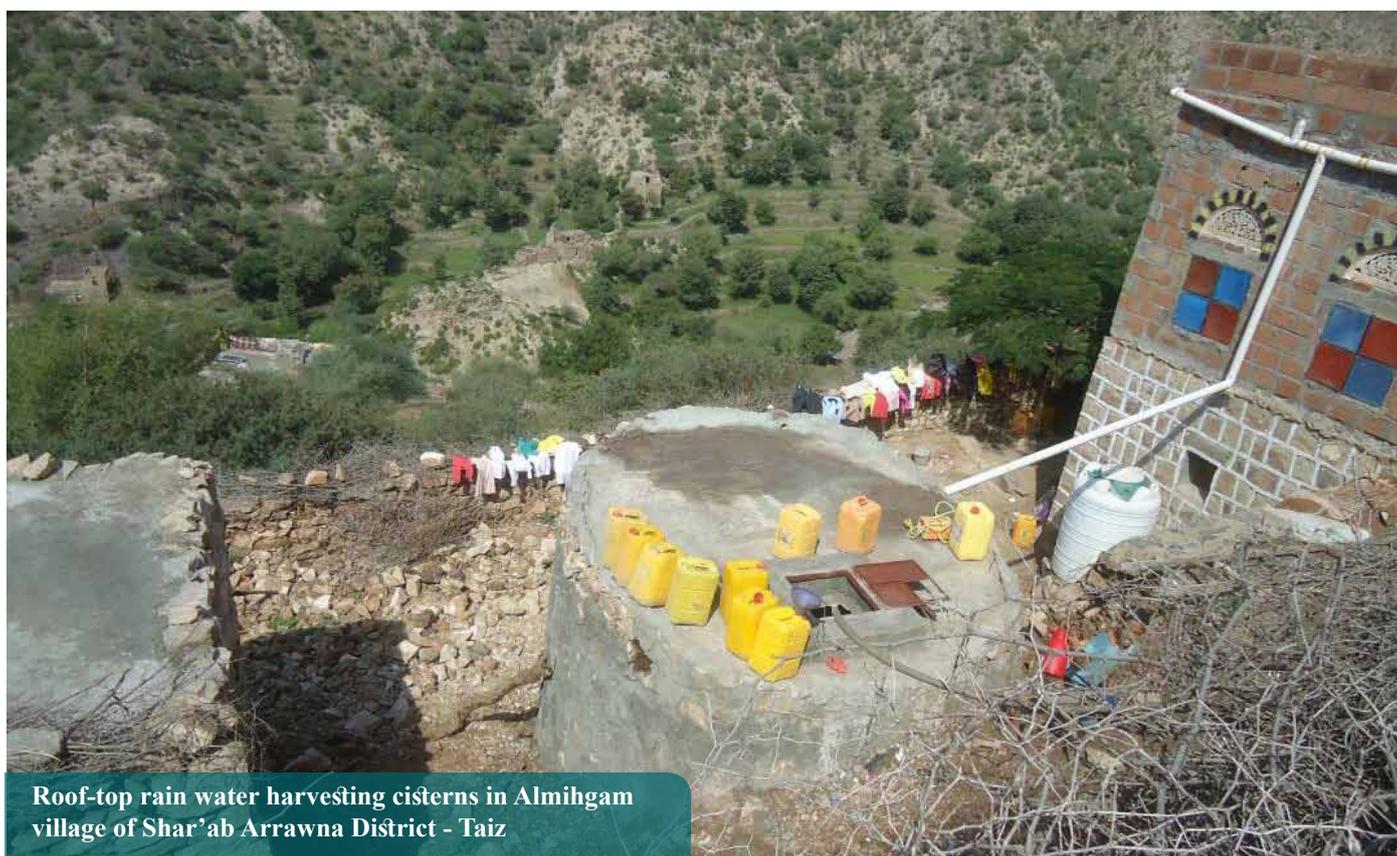
The Environmental & Social Management Framework

10 workshops were conducted in SFD's Headquarters and 9 branch offices to introduce all the POs to the environment and

social management framework (ESMF), its requirements and their roles throughout the project's cycle in all sectors.

Sanitation Indicators

| Results Indicators | Achieved (2011- June 2017) |
|---|-------------------------------|
| Sanitation access: Number of people provided with access to improved sanitation | 317,965 |
| *Number of SFD-supported Open defecation free communities | 971 |



Roof-top rain water harvesting cisterns in Almihgam village of Shar'ab Arrawna District - Taiz

AGRICULTURE AND RURAL DEVELOPMENT

During the second quarter 2017, 11 projects were approved at an estimated cost exceeding \$1.6 million, which is expected to result in more than 83,620 workdays. The cumulative total number of projects in the sector during (1997 – 30 June 2017) is 421 at an estimated cost of more than \$44.8 million, of which 358,550 people (47% female) are expected to benefit directly, generating about 1.1 million workdays. Of these projects, 394 projects were completed at a contractual cost of about \$ 33 million.

The savings and credit pilot group program

During the reporting period, the savings and credit pilot program continued. The teams completed collecting information and data on the activities of the savings and credit groups using the smart mobile questionnaire (ODK). They reached 118 groups in 14 districts within the governorates of Sana'a, Al-Mahweet, Al-Hudaidah and Hajjah. A report on the analysis of data and information collected on these groups was then prepared.

Some groups in the mentioned governorates were also followed up to improve performance and set criteria for financial targeting. A report on the performance of some of the groups visited in the

three governorates was prepared and a scenario was developed for the program scale up to further governorates.

A group training was also completed in the districts of Al-Maqaterah and Al-Qabbaitah (Lahj Governorate) on financial and administrative skills for forming groups.

Agriculture Indicators

| Results Indicators | Achieved (2011- June 2017) |
|--|-------------------------------|
| Storage capacity of water for agriculture and livestock use (m3) | 3,827,680 |
| Total potential area of land to be irrigated by water sources (Ha) | 998 |
| Total area of rehabilitated agricultural land and terraces (Ha) | 318 |

TRAINING & ORGANIZATIONAL SUPPORT

Empowerment for Local Development

During the period's report the diversified activities have continued to support the development community structures (Villages' Cooperative Councils – Sub- districts' development committees) as follows:

First: Self-help initiatives implemented by community structures through the overall adoption of awareness raising , planning , and implementation, mainly (construction of water tanks, maintenance of school classrooms , collection of donations from villagers for continuing to provide teaching during the suspension of government salaries, repairing pedestrian and vehicles' rural roads , and sanitation , etc...) . The total number of initiatives reached 396, with the aggregate cost estimated at 380 million Yemeni Riyals.

Second: Initiatives supported by the SFD: 97 initiatives were implemented concentrating on the districts of Dheibein (Amran) , Al-Sabra (Ibb) , Beni Qais and Queidina (Hajja) , Tuben and Habel Jabr (Lahj) , and Lawder (Abyan) with the total cost of 114 million Yemeni Riyals. The initiatives included construction and maintenance of more than 55 classrooms , 15 potable water tanks , paving and maintenance of roads, as well as building the capacity of 600 women in income generation activities.

During this period also 90 Villages' Cooperation Councils were formed and 192 local authority members were trained in 7 districts in which ELD was activated.

RAWFD Program

- Training RAWFD youth in the course of Rural Development Basic Concepts and Principles , and Computer Basics. About 54 trainees from Sa'ada governorate attended the training course including 16 females, as well as 54 trainees form Almahra governorate including 29 females.

- Communicating with 1500 persons from RAWFD graduates during the last 3 months, and obtaining the following information: 8 graduates including 3 females secured long-term work contracts, while 8 others including 4 females secured short-term work contracts with a number of local and international organizations. This is in addition to RAWFD youth obtaining short-term work opportunities within the framework of SFD's ELD program.

- About 60 RAWFD graduates took part in the implementation of 78 self-help initiatives with a total cost estimated at 13 million Yemeni Riyals in 9 governorates with interventions including providing shelter , awareness and cleaning campaigns, various educational support, etc. for serving displaced families , relief programs and poor communities in war affected areas .

- About 54 RAWFD graduates designed and implemented initiatives to fight Cholera epidemic in 32 districts of 9 governorates with an estimate cost of 810 Yemeni Riyals.

Training & Organizational Support Indicators

| Results Indicators | Achieved (2011- June 2017) | |
|--|-------------------------------|-------|
| Number of active village councils in pilot areas | 4,699 | |
| Number of youth trained within RAWFD in various fields disaggregated by gender | Male | 1,044 |
| | Female | 808 |
| Local Authority members trained on LED program | 5,392 | |
| Number of SFD consultants trained | 6,745 | |
| Number of NGOs supported | 55 | |
| Number of local authorities supported | 58 | |
| No. of female students in women literacy classes | 1,832 | |
| No. of individuals trained in agriculture, animal production, health, handicrafts, education, etc. | 320 | |
| Number of Community-Based Organizations formed and trained | 204 | |



Swah community building two classrooms driven by an SFD-supported initiative - Hajjah



A view of a training for new members of RAWFD program in Algaidha - Almahara

Integrated Intervention Program (IIP)

Program activities included a training impact monitoring visit to trainees in the field of livestock health in seven villages of Beni Ali sub-district, Malhan district (Al-Mahweit) to be acquainted with the extent of the trainees' application (livestock keepers) to what they have been trained on, providing them with necessary advice, follow up the activities of livestock health workers, and review their registers. The team provided veterinary tools to villages' representatives in the presence of the sub-district's development committee. This is in addition to arranging and preparing for the implementation of the economic, and social study related to the poverty pockets' areas in Sana'a Capital Secretariat.

Integrated Intervention Indicators

| Results Indicators | Approved | Under Implementation | Achieved (2011– June 2017) |
|---|----------|----------------------|----------------------------|
| Education: Number of classrooms | 6 | 62 | 75 |
| Water: Storage capacity (m ³) | 0 | 60,810 | 39,350 |
| Water: Rehabilitated wells | 0 | 10 | 74 |
| Water network (m) | 12,000 | 93,500 | 0 |
| Health units | 2 | 1 | 3 |
| Roads (km) | 0 | 12 | 17 |
| Number of female students in women literacy classes | 0 | 2,830 | 3,200 |
| Number of individuals trained in agriculture, animal production, health, handicrafts, education, etc) | 900 | 1,100 | 2,242 |
| Members of committees trained (male/female) | 0 | 0 | 554 |

Community Participation

The Program, through all SFD branches, formed and trained 50 beneficiary committees, as well as the activation and training of 31 project committees formed by the Villages' Cooperation Councils which targeted beneficiary committees for the projects of water tanks, preservation of agricultural soil, and the VCCs' activators. This is beside the implantation of 48 community assessment studies, needs' identification and the formation of voluntary committees.



IIP supported groups being trained on the best practices for tomato production – Altuhaita - Alhudayda

CULTURAL HERITAGE

During the second quarter 2017, 3 projects were approved at an estimated cost exceeding \$83,500, and expected to result in more than 5 thousand workdays. The cumulative total number of projects in the sector (1997 – 30 June 2017) mounts to 259 at an estimated cost of more than \$49.52 million, of which about 396,860 people (47% female) are expected to benefit directly, with about 2.1 million workdays generated. Of these projects, 244 were completed at a contractual cost exceeding \$43.82 million.

Cultural Heritage (CH) projects are generally characterized by being diverse and technically sensitive, using the field implementation method, which is different from the prevailing

contractor-based one. Consequently, SFD's CH interventions have been affected by the current war differently from other sectors. In addition, shortfall of funding and leave/non-arrival of foreign expertise have affected the implementation. Subsequently, the project progress has been very limited because of the suspension of most of the projects.

However, the 244 completed projects resulted in: (i) Developing and upgrading skills of 755 skilled and semiskilled workers/master builders in the field of traditional building and restoration techniques; (ii) 252 professionals/consultants gaining new knowledge and skills in conservation and restoration of various aspects of CH; and (iii) 42 sites and monuments having been

documented, rescued and or conserved. These figures represent 148%, 133% and 84% respectively of the targets set in the SFD4 plan for CH.

CH Projects Impact

Most of CH projects if not all have much more effect beyond just preserving CH, as these projects raise awareness on the importance and sensitivity of CH assets; moreover, they generate income and develop new skills and knowledge through providing on-site training—thus, could be considered as a relevant sector contributing to SFD’s efforts towards development and poverty alleviation.

Cultural Heritage Indicators

| Results Indicators | Achieved (2011– June 2017) |
|---|----------------------------|
| Master builders trained/gained skills | 755 |
| Professionals trained and gained skills (architects, archaeologists, engineers) | 252 |
| No of sites and monuments documented and saved/conserved | 42 |



LABOR INTENSIVE WORKS PROGRAM

LIWP comprises the Cash-for-Work Program and the Roads sector.

Cash-for-Work Program

During the second quarter of 2017, 45 projects have been approved at an estimated cost of nearly \$7.6 million, with direct beneficiaries expected to be more than 51 thousand persons (50% female) and job opportunities 515 thousand workdays. Cumulatively, the total number of the program’s projects (1997 – 30 June 2017) reached 904 at an estimated cost of \$178 million

and the direct beneficiaries are expected to mount to 1.4 million persons approximately (49% female), generating about 15 million workdays. Of these projects, 779 have been completed costing around \$143.7 million.

The cumulative number of benefiting households exceeds 214 thousand.

The second quarter activities focused on the training and workshops aimed at strengthening the capacity of program staff to raise up their communication skills for delivering program



Cash-for-Work activities enhance food security

messages to the consultants efficiently. Three TOT courses have been implemented to LIWP employees in SFD headquarters and branch offices (BOs), with the number of participants being 77 (10 females). Similarly, to develop the capabilities of the program staff in BOs to automate financial data, a training course has been implemented for 21 financial and data-entry officers explaining how to deal with the LIWP financial system. A workshop has also been implemented to simplify the procedures of the disbursement process and allocations absorption. In addition, three refreshment workshops in Dhamar, Ibb and Aden BOs have been implemented for social consultants and engineers to explain the updates of social studies, the number of participants. Moreover, SFD held a refreshment workshop for 63 social consultants (18 females) to explain the new updates of social targeting mechanism for cash-for-work projects in Ataq City, Shabwah Governorate (Gov.) and enhance the capabilities of the social consultants.

In Ibb BO, a meeting – attended by 21 local authority (LA) members – was held with the LA of Ba'adan and Jeblah Districts (Ibb Gov.) to acquaint LAs with the program and its objectives, mechanisms and criteria for project selection as well as for obtaining a list of LA-suggested urban projects. Similarly, Aden BO held a meeting with Tawahi District's LA to explain the concepts and mechanism of the program, with 6 participants attending, as well as another meeting with 8 representatives of the UNDP in Aden to discuss some obstacles in the disbursement of due amounts by the Cooperative Agricultural Credit (CAC) Bank and Al-Amal Bank.

Training: Training is important and has a positive impact on the individuals to continue learning and developing their professional careers; thus, improving family economic and living conditions and increasing chances for employment. The LIWP is implementing two types of training: life skills and on-the-job training.

Life skills training: During this quarter, 70 persons were trained on life skills and raising awareness on the harm entailed by malnutrition and qat chewing within the project of constructing, rehabilitating and maintaining irrigation canals and establishment of spring-water collecting pools for Knainah Village (Hajer SDistrict, Hadhramaut Gov.) to strengthen the benefitting families' capacity.

On-the-job training: This kind of training provides beneficiaries with skills, enabling them to join the labor market at the end of the projects implementation. Training topics were in different skills such as building, stone forming and curving, stone cutting, blacksmith, carpeting, plastering, stone paving. The cumulative number of the trainees in these fields reached 1,857 persons.

Cash-for-Work (CfW) Program Indicators

| Results Indicators | Achieved (2011– June 2017) | |
|--|-------------------------------|-------------------|
| Number of people directly benefiting from short-term workfare assistance disaggregated by rural/urban | Rural | 744,795 |
| | Urban | 432,411 |
| | Total | 1,177,206 |
| Number of workdays employment created under workfare assistance program for short-term activities disaggregated by rural/urban | Rural | 10,458,207 |
| | Urban | 1,924,101 |
| | Total | 12,382,308 |
| Indirect beneficiaries: Number of people benefiting from community livelihood assets | 294,301 | |
| Land: Total area of agricultural rehabilitated land and terraces (Hectares) | 4,946 | |
| % of resources paid as wages | 0.70 | |

Road Sector

During this quarter, 19 projects have been approved at an estimated cost of \$3.24 million, generating more than 114 thousand workdays. This brings the cumulative number of projects to 822 at an estimated cost of nearly \$177.6 million and direct beneficiaries expected to reach around 4.25 million (50% female), generating about 8.3 million workdays. Of these projects, 780 have been completed costing approximately \$168.31 million.

In this quarter, three meetings were held: The first and second meetings were held to explain the new LIWP mechanism in light of emergency grant indicators and contractors' fees, with the first attended by 9 contractors in Ibb BO and the second by 12 beneficiary committees' members and sub-contractors in the project of Al-Maqaned and Al-Dhabat in Ibb Gov. The third meeting was attended by 10 participants including LA members of Al-Jabeen and Qusma Districts in Raimah Gov. and aimed to coordinate with these districts to verify the needy targeted areas and ensure their conformity to the program intervention standards.



Al-Shaqra rural road paving in Al-Udain District - Ibb

Roads Indicators

| Results Indicators | Achieved (2011– June 2017) |
|---|----------------------------|
| Total length of roads improved/built (km) | 1,366 |

SMALL AND MICRO ENTERPRISE DEVELOPMENT (SMED)

I. Small and Small Enterprise Development Unit Loans and grants

During the second quarter of the year, the Small and Microenterprise Promotion agency (SMEPS) was funded with a total of YR 199,152,600 (USD 800,000). The funding was meant to enable SMEPS to carry out its activities and projects in the field of youth employment, and the value added chains for coffee, honey and seasonal crops. SFD also continued to provide grants and technical support to Al-Ittihad MF amounting to YR 48,749,000 (USD 194,996) to cover its operating losses and allow it to continue its financial services in the governorates of Abyan, Hadramout and Aden. A grant amounting to YR 19,650,900 (USD 78,600) was provided to Hadramout MF to implement the activities of the “Al-Hayat Al-Karima Project”, focusing on agricultural, livestock, fisheries and food products, particularly in rural areas. In addition, SFD disbursed YR 105,953,683 (USD 423,815) to support the Takaful funds of Nama, Al-Watania, and Al-Ittihad MFIs.

Being the main sponsor of the Yemen Microfinance Network (YMN), SFD disbursed a grant of YR 33,409,250 (USD 133,637) to help the network cover its operational expenses and implement various activities and projects in the field of training, studies, research, and promotion of the microfinance industry. Finally, YR 8,333,332 was transferred to a number of MFIs as part of a project that would allow each of these entities to establish an internal department for operational risk management.

Thus, the total amount of grants disbursed by SMED during the quarter amounted to YR 415,248,765 (USD 1,660,995).

The Loan Guarantee Program (LGP)

During the third quarter of 2017 LGPhas carried out several activities towards the start of actual business (guarantee of loans). Among these activities: the continuing development of the MIS for tracking the loan guarantees portfolio, the translation of the operations manual in Arabic, contracting a certified public accounting firm to review and certify the accounting manual, visiting similar programs to take advantage of their experiences, as well as the hiring of an IT administrator in the month of June. During the quarter, the program team has visited a number of programs and institutions is likely to work with in order to explain the policies and standards of LGP. In addition, contacts with international donor organizations were initiated to attract technical support and new funds for the program.

Establishment of a risk management unit in the MFIs

SMED has supported the establishment of risk management unit in the National Microfinance Network (NMF), as well as Namaa, Azal, and Al-Ittihad MFIs. Such initiatives are important in helping the MFIs in assessing their operational risks and

develop strategies to manage them in order to avoid or reduce their negative effects, especially in light of the critical conditions being faced by the MFIs as a result of the war in Yemen.

Supporting war-affected clients and Takaful funds in the MFIs

The agreements for supporting war-affected customers and the Takaful funds of several MFIs were reviewed, which included those with Namaa, Al-Ittihad, and the National MF foundation. The country is still undergoing a war that has caused an economic crisis and security imbalances, leading to a significant increase in material losses on the part of enterprise owners, and an increase in the number and amounts of non-performing loans. This in turn has led to significant losses in those entities covered.

5. Auditing and field certifications

During the quarter, field confirmations of MF clients were completed in Aden MF, which had started in March. During April, a second field visit was carried out in Al-Basateen area in Dar Saad to verify some customer samples so that the unit could form a clear and final opinion on quality of the loan portfolio of the institution. Another team from the unit visited Hadramout MF in May to review and conduct an analytical review of its financial operations. The team also reviewed the administrative aspects in the program, in addition to conducting field validations of a large sample of customers in various branches of the MFI.

Automated software systems

In the second quarter, the IT in the SMED unit team completed the development of the LGP’s MIS system and delivered it fully to the IT officer in the program. The team also contributed to his selection as part of the establishment plan. During the quarter, the IT team also analyzed the data of the automated systems in all the MFIs (in particular Maeen loan tracking system), preparing reports and producing statistics and related graphs. The IT team also evaluated the possibility of introducing a customer verification mechanism based on fingerprints recognition to be part of Maeen. Also, the IT team carried out the regular maintenance of all automated systems in the MFIs, provided technical advice and support, and updated the credit bureau’s database.

II. Yemen Microfinance Network (YMN)

During the second quarter of this year, the network carried out several training activities, including a four-day strategic planning course during the period April 9th-12th 2017, and another five-day training course during the period 20th-24th of the same month on preparing and writing administrative reports. In addition, another five-day training course was held during the period 23rd-27th of the same month dealing with the subject of developing microfinance products. These courses were attended

by staff at various managerial levels working in MFIs. During the period May 8th-11th the Network held a training course for MFIs staff on writing project proposals for donor organizations. Finally, on the 13th of June 2017 under the title “Exchange of Experiences Program”, YMN organized a meeting attended by a number of managers and staff from the programs and institutions working in the small and microfinance sector in Yemen to

exchange experiences. During the meeting, the experiences of the National Microfinance Institution and the Azal Microfinance Islamic Program were presented, as well as a number of main issues related to operations, control procedures such, the development of new financial products, and the experiences of both sides in meeting the challenges caused by the current crisis in the country.

Microfinance Programs Supported by SFD (As of June 2017)

| Program | Active number of clients | | | Outstanding loan portfolio Million YR | PAR (%) | Cumulative numbers | | OSS | FSS | No. of Personnel | No. of Loan Officers | Area of Operation |
|-------------------------------------|--------------------------|-----------|----------------|---------------------------------------|---------|--------------------|-------------------------|-----|-----|------------------|----------------------|--|
| | Borrowers | | Savers | | | Number of loans | Loan amounts Million YR | | | | | |
| | Total | Women (%) | | | | | | | | | | |
| Al-Amal Microfinance Bank | 34,551 | 38 | 126,709 | 2,318 | 93.75 | 129,382 | 11,020 | 185 | 78 | 216 | 102 | Capital City, Taiz, Ibb, Hajjah, Dhamar, Aden, and Al-Hudaidah, |
| National MF Foundation | 13,129 | 42 | 26,307 | 778 | 54.42 | 147,790 | 7,686 | 21 | 18 | 117 | 50 | Capital City, Taiz, Ibb, Thamar, Yarim, Hajjah, Lahj, Al-Hudaidah, Aden, Altawahe, Hadhramaut |
| Aden MF Foundation | 12,191 | 72 | 9,450 | 741 | 82.45 | 53,742 | 4,044 | 76 | 47 | 68 | 38 | Dar sad, Al-Buraikah , Al-Mukalla, Altawahe, Khor Maksar, Kerater, Aden, Lahj, Aldail |
| MF Development Program (Nama') | 7,125 | 45 | 2,208 | 434 | 35.77 | 83,862 | 6,589 | 134 | 109 | 92 | 71 | Capital City, Taiz, Ibb, Aden, and Al-Hudaidah |
| Hadhramaut Microfinance Program | 6,878 | 31 | 4,788 | 761 | 33.64 | 28,497 | 3,601 | 174 | 147 | 61 | 31 | Hadhramaut, Seyun, Tarim, Alkton, Al-Suom, Shebam, Sah, Almokala, Alshehir, Alhami, Almahra, Shabwa |
| Azal Microfinance Program | 4,532 | 54 | 2,450 | 363 | 44.41 | 49,617 | 4,168 | 41 | 30 | 80 | 35 | Capital City, Almahweet |
| Aletehad Microfinance Program | 3,420 | 85 | 0 | 311 | 66.12 | 48,234 | 2,587 | 55 | 33 | 75 | 47 | Abyan, Almokala, Alshehr, Aden |
| Alkuraimi Islamic Microfinance Bank | 3,228 | 4 | 488,538 | 991 | 22.6 | 20,902 | 9,866 | 55 | 50 | 65 | 50 | Capital City, Taiz, Ibb, Aden, Thamar , Al-Hudaidah, Almokala, Seyun, Radava, Yarim, Alkaeda, Amran, Aldail, Hajja, Lahj, Hadhramaut |
| Altadhamon Bank | 2,124 | 33 | 0 | 355 | 29.50 | 37,814 | 8,504 | 27 | 27 | 78 | 30 | Capital City, Taiz, Al-Hudaidah, Aden, Ibb, Hajja, Shabwa, Mukalla , Seyun , Amran |
| Al-Awa'el MF Company Rep. Apr. 2015 | 1,546 | 79 | 0 | 93 | 10.75 | 65,829 | 2,578 | 90 | 68 | 41 | 21 | Taiz (Al-Camb, Hawdh Al-Ashraf, Al-Rahedah, Sainah, Al-Qada'edah) |
| Other Activities & IGPs | | | | | | 109,187 | 21,391 | | | | | Several areas |
| Total | 88,724 | | 660,450 | 7,145 | | 774,856 | 82,034 | | | 893 | 475 | |

Number of projects & estimated costs - Second quarter 2017 (by sector)

| Sector | No. of Projects | Estimated Cost (\$) | Est. SFD Contribution (\$) | Direct beneficiaries | | Temporary Job Opportunities |
|-------------------------------|-----------------|---------------------|----------------------------|----------------------|------------|-----------------------------|
| | | | | Total | Females % | |
| Education | 40 | 5,030,510 | 5,030,510 | 9,738 | 40% | 543,665 |
| Organizational Support | 19 | 3,663,578 | 3,663,578 | 314,810 | 37% | 103,776 |
| Agriculture | 11 | 1,605,367 | 1,605,367 | 9,522 | 28% | 83,623 |
| Health | 1 | 18,750,000 | 18,750,000 | 53,537 | 77% | 377,000 |
| Roads | 19 | 3,236,900 | 3,236,900 | 5,468 | 18% | 113,904 |
| Micro Enterprises Development | 1 | 800,000 | 800,000 | 10,814 | 49% | 2,650 |
| Small Enterprise Development | 3 | 889,843 | 889,843 | 0 | 0 | 2,431 |
| Cultural Heritage | 3 | 83,530 | 83,530 | 425 | 51% | 5,010 |
| Water | 59 | 6,672,433 | 6,672,433 | 51,120 | 51% | 369,082 |
| Cash for Work | 45 | 7,589,164 | 7,589,164 | 50,943 | 50% | 514,754 |
| Total | 201 | 48,321,325 | 48,321,325 | 506,377 | 44% | 2,115,895 |

The total includes 1 project with no funding

Number of projects approved and estimated costs - Second quarter 2017 (by governorate)

| Governorate | No. of Projects | Estimated Cost (\$) | Est. SFD Contribution(\$) | Percentage (%) |
|----------------------|-----------------|---------------------|---------------------------|----------------|
| Ibb | 17 | 2,455,061 | 2,455,061 | 100 |
| Abyan | 4 | 639,614 | 639,614 | 100 |
| Capital City | 1 | 23,700 | 23,700 | 100 |
| Al-Baidha | 10 | 1,251,350 | 1,251,350 | 100 |
| Al-Jawf | 1 | 104,621 | 104,621 | 100 |
| Al-Hudaidah | 29 | 22,136,203 | 22,136,203 | 100 |
| Al-Dhale | 3 | 596,512 | 596,512 | 100 |
| Al-Mahweet | 3 | 276,394 | 276,394 | 100 |
| Al-Maharah | 1 | 47,000 | 47,000 | 100 |
| Taiz | 19 | 3,605,298 | 3,605,298 | 100 |
| Hajjah | 33 | 4,551,793 | 4,551,793 | 100 |
| Hadhramaut | 4 | 339,992 | 339,992 | 100 |
| Dhamar | 17 | 1,887,485 | 1,887,485 | 100 |
| Raimah | 11 | 1,424,282 | 1,424,282 | 100 |
| Shabwah | 3 | 126,798 | 126,798 | 100 |
| Sa'adah | 4 | 587,708 | 587,708 | 100 |
| Sana'a | 5 | 632,400 | 632,400 | 100 |
| Aden | 2 | 456,500 | 456,500 | 100 |
| Amran | 15 | 2,447,169 | 2,447,169 | 100 |
| Lahj | 8 | 1,585,551 | 1,585,551 | 100 |
| Mareb | 5 | 996,000 | 996,000 | 100 |
| Several Governorates | 6 | 2,149,894 | 2,149,894 | 100 |
| Total | 201 | 48,321,325 | 48,321,325 | 100 |

The total includes 1 project with no funding

Number of completed projects & contractual costs as of the end of second quarter 2017 (by sector)

| Main sector | No. of Projects | Contractual cost (USD) |
|-------------------------------|-----------------|------------------------|
| Environment | 391 | 30,910,662 |
| Integrated Intervention | 286 | 18,706,064 |
| Training | 1,007 | 19,959,636 |
| Education | 4,926 | 620,804,579 |
| Organizational Support | 623 | 24,576,167 |
| Agriculture | 394 | 32,949,173 |
| Health | 1,150 | 81,239,005 |
| Roads | 780 | 168,307,995 |
| Special Needs Groups | 700 | 31,916,029 |
| Micro Enterprises Development | 193 | 42,628,622 |
| Small Enterprise Development | 32 | 8,078,347 |
| Cultural Heritage | 244 | 43,822,378 |
| Water | 2,072 | 183,108,820 |
| Cash for Work | 779 | 143,668,749 |
| Business Development Services | 78 | 13,028,683 |
| Total | 13,655 | 1,463,704,908 |

Cumulative number of projects and costs as of the end of second quarter 2017 (by governorate).

| Governorate | No. of Projects | Estimated Cost (\$) | Est. SFD Contribution (\$) | Contractual cost (USD) |
|----------------------|-----------------|----------------------|----------------------------|------------------------|
| Ibb | 1,375 | 180,637,800 | 155,367,883 | 153,273,443 |
| Abyan | 312 | 55,610,468 | 44,934,508 | 42,520,748 |
| Socatra | 54 | 6,270,093 | 6,035,388 | 6,191,357 |
| Capital City | 701 | 96,677,982 | 91,610,599 | 89,410,430 |
| Al-Baidha | 296 | 33,806,949 | 30,780,088 | 30,800,256 |
| Al-Jawf | 151 | 15,715,860 | 15,027,961 | 14,820,351 |
| Al-Hudaidah | 1,217 | 189,987,959 | 185,619,572 | 158,406,742 |
| Al-Dhale | 277 | 42,393,679 | 37,068,559 | 33,533,857 |
| Al-Mahweet | 403 | 50,603,363 | 45,784,212 | 45,109,834 |
| Al-Maharah | 102 | 7,711,232 | 7,225,476 | 7,172,956 |
| Taiz | 1,731 | 244,331,869 | 185,381,651 | 186,089,045 |
| Hajjah | 1,146 | 155,210,826 | 138,850,131 | 131,508,134 |
| Hadhramaut | 641 | 65,951,464 | 63,654,683 | 58,776,835 |
| Dhamar | 895 | 104,856,639 | 87,510,115 | 92,882,185 |
| Raimah | 373 | 57,898,010 | 36,913,459 | 39,426,280 |
| Shabwah | 294 | 29,837,088 | 28,676,270 | 28,618,875 |
| Sa'adah | 335 | 48,620,439 | 47,576,135 | 45,850,760 |
| Sana'a | 520 | 58,052,556 | 54,247,377 | 54,205,647 |
| Aden | 315 | 42,081,289 | 39,535,033 | 35,838,242 |
| Amran | 933 | 123,029,542 | 109,354,815 | 104,006,313 |
| Lahj | 678 | 96,825,127 | 75,807,169 | 75,188,506 |
| Mareb | 125 | 11,013,006 | 10,531,136 | 10,224,508 |
| Several Governorates | 1,267 | 126,218,012 | 124,440,709 | 106,506,864 |
| Total | 14,141 | 1,843,341,254 | 1,621,932,929 | 1,550,362,167 |

The total includes 4 projects with no funding

Cumulative number of projects and costs as of the end of second quarter 2017 (by sector).

| Main sector | No. of Projects | Estimated Cost (\$) | Est. SFD Contribution (\$) | Contractual cost (\$) |
|-------------------------------|-----------------|----------------------|----------------------------|-----------------------|
| Environment | 395 | 37,541,745 | 32,162,956 | 31,057,369 |
| Integrated Intervention | 291 | 21,364,483 | 18,159,008 | 18,866,837 |
| Training | 1,011 | 26,225,627 | 26,187,026 | 20,134,232 |
| Education | 5,002 | 672,048,101 | 649,347,994 | 628,073,761 |
| Organizational Support | 660 | 34,633,721 | 32,313,130 | 28,630,386 |
| Agriculture | 421 | 44,816,829 | 41,371,271 | 36,312,508 |
| Health | 1,187 | 118,240,113 | 115,891,485 | 89,951,305 |
| Roads | 822 | 177,597,111 | 171,745,612 | 176,204,355 |
| Special Needs Groups | 702 | 37,172,857 | 36,418,961 | 32,765,973 |
| Micro Enterprises Development | 205 | 57,336,327 | 57,173,225 | 48,678,455 |
| Small Enterprise Development | 40 | 10,286,874 | 10,285,874 | 8,856,283 |
| Cultural Heritage | 259 | 49,524,995 | 48,787,839 | 47,373,289 |
| Water | 2,161 | 356,268,805 | 182,646,967 | 197,053,768 |
| Cash for Work | 904 | 178,040,563 | 177,198,481 | 165,389,965 |
| Business Development Services | 81 | 22,243,101 | 22,243,101 | 21,013,683 |
| Total | 14,141 | 1,843,341,254 | 1,621,932,929 | 1,550,362,167 |

The total includes 4 projects with no funding

Cumulative number of projects, commitments, beneficiaries and temporary employment as of the end of second quarter 2017 (by sector)

| Sector | No. of Projects | Estimated Cost (\$) | Est. SFD Contribution (\$) | Contractual cost (USD) | Expected direct beneficiaries | | Expected indirect beneficiaries | | Total estimated employment (workdays) |
|-------------------------------|-----------------|----------------------|----------------------------|------------------------|-------------------------------|-----------|---------------------------------|-----------|---------------------------------------|
| | | | | | Male | Female | Male | Female | |
| Environment | 395 | 37,541,745 | 32,162,956 | 31,057,369 | 1,640,404 | 1,635,808 | 205,476 | 203,002 | 1,172,507 |
| Integrated Intervention | 291 | 21,364,483 | 18,159,008 | 18,866,837 | 122,891 | 128,828 | 104,076 | 106,063 | 565,316 |
| Training | 1,011 | 26,225,627 | 26,187,026 | 20,134,232 | 97,828 | 59,488 | 445,916 | 477,663 | 385,943 |
| Education | 5,002 | 672,048,101 | 649,347,994 | 628,073,761 | 1,477,281 | 1,249,013 | 1,893,995 | 1,629,520 | 22,893,250 |
| Organizational Support | 660 | 34,633,721 | 32,313,130 | 28,630,386 | 630,985 | 511,239 | 501,156 | 458,713 | 883,307 |
| Agriculture | 421 | 44,816,829 | 41,371,271 | 36,312,508 | 189,619 | 168,932 | 394,157 | 351,898 | 1,088,358 |
| Health | 1,187 | 118,240,113 | 115,891,485 | 89,951,305 | 2,758,842 | 4,818,121 | 904,363 | 1,754,368 | 2,796,162 |
| Roads | 822 | 177,597,111 | 171,745,612 | 176,204,355 | 2,136,400 | 2,107,175 | 892,923 | 884,053 | 8,310,488 |
| Special Needs Groups | 702 | 37,172,857 | 36,418,961 | 32,765,973 | 111,888 | 72,369 | 68,522 | 52,451 | 842,496 |
| Micro Enterprises Development | 205 | 57,336,327 | 57,173,225 | 48,678,455 | 90,404 | 341,880 | 564,841 | 1,434,704 | 177,047 |
| Small Enterprise Development | 40 | 10,286,874 | 10,285,874 | 8,856,283 | 19,434 | 24,101 | 66,129 | 56,866 | 21,434 |
| Cultural Heritage | 259 | 49,524,995 | 48,787,839 | 47,373,289 | 211,212 | 185,646 | 100,914 | 86,085 | 2,070,111 |
| Water | 2,161 | 356,268,805 | 182,646,967 | 197,053,768 | 1,893,991 | 1,907,412 | 169,212 | 150,157 | 8,024,394 |
| Cash for Work | 904 | 178,040,563 | 177,198,481 | 165,389,965 | 693,524 | 672,239 | 1,025,899 | 1,078,208 | 15,032,762 |
| Business Development Services | 81 | 22,243,101 | 22,243,101 | 21,013,683 | 72,745 | 28,682 | 107,067 | 83,519 | 6,816 |
| Total | 14,141 | 1,843,341,254 | 1,621,932,929 | 1,550,362,167 | | | | | 64,270,391 |

The total includes 4 projects with no funding

Amira—working to realize her dreams

Amira Omer Zeidan is a 24-year-old poor woman. She is married, and is living in a very poor community at Al-Baqa'a Village, Al-Tuhaita District in Al-Hudaidah Governorate.

She had never acquired any life skills, had only 3 months of education in a literacy class opened by the Program in 2012. This class was discontinued due to the inability of the community to provide transportation to the facilitators. She said she had suffered much pain together with others for the cessation of classes. Her husband was illiterate and worked at sea during alwazef season – tiny fish thrown out of the sea- and collected and dried. He did not possess any other skill. Four years ago, she had a dream to become a mother; but due to illness, she did not realize this dream because she could not afford to continue receiving treatment due to family poverty.

She says she had applied to the SFD consultant to get training in sewing instead of literacy classes, thanks to God she attended a 90-day training course organized by the Integrated Intervention Program. She practiced with her own garment until she succeeded in gaining the skill in addition to practical lessons provided. She says that she was provided with a sum of 23400 Riyals as the cost of transportation for attending the training and that this was the first sum of money she has ever received.

This made her think again to realize her motherly dream, beside another dream to have her own sewing machine as her only source of livelihood in order to afford to buy her basic needs and continue receiving medical treatment. Why not, while she has acquired a new skill? She could not make a decision because the sum in her hand was not enough to purchase a sewing machine, and might not also allow her to have treatment.

So, her dreams were in collision, but she determined to start with her new dream to own a sewing machine. She contacted the trainer living in Hodeida to purchase the machine for her for 19,000 Riyals. About 4400 Riyals remained. She worked with her machine for two months and sold her earrings and went for

treatment. She says “now after 18 months, thanks to God, I will become a mother soon. I am earning a living from working on my machine. I also bought new earrings, and I start saving enough money to have an independent family home.”



SOCIAL FUND FOR DEVELOPMENT

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